

PROVINCE OF SASKATCHEWAN



07-08

ANNUAL REPORT

PUBLIC EMPLOYEES PENSION PLAN



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This annual report is available in electronic format at www.peba.gov.sk.ca/pepphome.htm

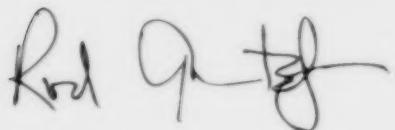
Letters of Transmittal



His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Public Employees Pension Board for the fiscal year ending March 31, 2008.

A handwritten signature in black ink, appearing to read "Rod Gantefoer".

Rod Gantefoer
Minister of Finance

Rod Gantefoer
Minister of Finance

Sir:

On behalf of the Public Employees Pension Board, I have the honour of submitting the Annual Report of the Public Employees Pension Board for the fiscal year ending March 31, 2008.

A handwritten signature in black ink, appearing to read "Kenneth R. Horsman".

Kenneth R. Horsman
Board Chair

Chair's Comments

On behalf of all members of the Public Employees Pension Board, I present the 2007-2008 Annual Report of the Public Employees Pension Plan (PEPP).

As the largest defined contribution pension plan in Canada, PEPP strives to be a leader in compliance with pension industry standards. We are guided in our constant effort to improve by the Guidelines for Capital Accumulation Plans (CAP Guidelines). Developed by the Joint Forum of Financial Market Regulators, the CAP Guidelines outline expectations around the operation of capital accumulation plans such as PEPP. We have directed our efforts toward best practices to achieve or exceed the CAP Guidelines for the benefit of our members. These efforts have resulted in two major achievements in the past year.

First, the Plan underwent its most significant change since its inception in 1977, introducing five new investment funds and bringing its total fund choices to seven. The new funds provide a range of options to allow members to direct their investments according to their own personal investment philosophies. PEPP communicated these new options to more than 45,000 members through the PEPP website, mail-outs, and presentations. At the November 1, 2007 implementation, some 4,800 members made changes to their investment funds, moving \$400 million to different funds.

Second, to aid members in choosing an investment strategy, PEPP introduced PEPP Access, our online account information tool, and the *Retire@Ease* retirement planning tool. These tools allow members to access their account information at any time from the privacy of their own homes and to project their potential retirement income based on a variety of contribution, investment, and retirement scenarios.

Since its introduction in May 2006, the Variable Pension (VP) Benefit has continued to offer an increased level of member control over investments into retirement. Modeled on the prescribed Registered Retirement Income Fund (pRRIF), the *VP Benefit* offers members an alternative to their previous retirement income options. The *VP Benefit* grants members access to the Plan's investment opportunities and low fees into retirement, while providing them flexibility and control over the amount of pension income they receive. As of March 31, 2008, 539 members had taken advantage of this new option.

The past year has been a challenging time for financial markets in North America and abroad. This challenge was reflected in the Balanced Fund rate of return at -2.4 per cent. This report details the performance of each of PEPP's investment funds against its benchmark, providing a clear measure of performance for each fund and fund manager.

The Board directs its efforts to govern the Plan effectively by focusing on the establishment of the right structures, policies and strategies. A Strategic Plan for PEPP sets out initiatives and activities in the categories of Communications, Plan Governance, Accountability and Service Delivery and Design. This report details our activities and accomplishments in each of these categories for 2007-2008. The Board has gone through a strategic planning process to put a new strategic plan in place in 2008-2009.

The Board remains focused on acting in the best interests of PEPP members and operating the Plan to the highest pension industry standards.



Kenneth R. Horsman
Board Chair

Financial Highlights (as at March 31, 2008)

PEPP - Investment Choice Summary

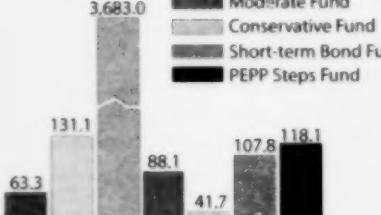
	Investment Choice							Total
	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	Short-term Bond Fund	PEPP Steps Fund	
Assets (\$ millions)	63.3	131.1	3,683.0	88.1	41.7	107.8	118.1	4,233.1
Gross Rate of Return	n/a ¹	n/a ¹	-2.0%	n/a ¹	n/a ¹	6.0%	n/a ¹	
Fees - PEBA & Board ²	n/a ¹	n/a ¹	0.12%	n/a ¹	n/a ¹	0.12%	n/a ¹	
Fees - Investments	n/a ¹	n/a ¹	0.27%	n/a ¹	n/a ¹	0.27%	n/a ¹	
Net Rate of Return	n/a ¹	n/a ¹	-2.4%	n/a ¹	n/a ¹	5.8%	n/a ¹	
Benchmark	n/a ¹	n/a ¹	-2.6%	n/a ¹	n/a ¹	6.4%	n/a ¹	

¹ These funds were introduced in November 2007, and as such do not have a one-year rate of return.

² Of the 0.12% fees shown, the Board accounts for less than 0.01%.

Assets by Investment Choice, as at March 31, 2008

In order, from left to right:
 Accelerated Growth Fund
Growth Fund
Balanced Fund
Moderate Fund
Conservative Fund
Short-term Bond Fund
PEPP Steps Fund



Introduction

The Public Employees Pension Plan (PEPP) has 93 participating employers and more than 45,000 members. Participating employers include the Government of Saskatchewan, Crown corporations, agencies, boards and other public institutions.

PEPP is a defined contribution pension plan, also referred to as a money purchase plan. In PEPP, benefits are based on accumulated employer and employee contributions plus investment earnings. These contributions, plus any return on investment, are used to provide an income to members upon retirement. Because of this, PEPP is by definition always sufficiently funded.

Enrolment in the Plan is compulsory for employees who hold a permanent position with an employer participating in the Plan. Non-permanent employees may choose to join the Plan at any time.

Employee and employer contributions are calculated as a percentage of the employee's total gross regular earnings. Unless otherwise specified in an agreement, the contribution percentage is five per cent. Member contributions are made by payroll deduction.

Contributions to PEPP are tax deductible to a maximum set by the *Income Tax Act (Canada)*. The member does not pay taxes on contributions or the accumulated investment income until he or she withdraws an amount from the Plan.

Contributions are forwarded to the Plan and are used to purchase units in the PEPP investment fund of the member's choice.

Unit values are declared daily. Once a new unit value is declared, member accounts are valued using the new unit value and transactions are processed at that value. Return on investment is reflected in the changing unit value.

The amount the member receives at payout or transfer is calculated using the unit value in effect at the date of payment.

Normal retirement for Plan members is age 65. Members may retire early and begin to receive retirement income at age 50 or older.

Members may defer purchasing a retirement income option after retirement. However, the *Income Tax Act (Canada)* states that a pension must begin by the end of the calendar year a member turns age 71.

PEPP is established and governed by *The Public Employees Pension Plan Act*. It is registered as a pension plan pursuant to *The Pension Benefits Act, 1992* and the *Income Tax Act (Canada)*.

Public Employees Pension Board

The Public Employees Pension Board is the Plan Trustee, as established by *The Public Employees Pension Plan Act*.

The Board has the fiduciary duty to administer the Plan and manage the investment fund in the best interests of plan members and their beneficiaries. Board members must exercise appropriate care, skill, and diligence.

The Board consists of nine members: four are appointed on behalf of participating employers, four on behalf of employees. The Board conducts an external recruitment process to choose a Chair, who is appointed for a three-year term.

The Board is responsible for developing and implementing an appropriate investment policy, investment of plan assets, calculation and payment of benefit payments, remittance of contributions, appropriate communications to Plan members, and compliance with applicable laws and the terms of the Plan.

Members of the Board receive no compensation for the performance of their roles as Board members. They are remunerated for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.

The Chair is remunerated with a retainer and a per-meeting fee paid in accordance with a fee schedule set by the Board.

Introduction

Purpose

The purpose of the Public Employees Pension Plan is to provide retirement assets to its members.

Mission

The Board's mission as the Plan Trustee is to manage the fund assets and plan expenses solely in the best interest of the members.

Goals

The Board's goal is to ensure all Plan members are well-informed about the Plan and the choices they have to make within the Plan.

Public Employees Pension Board Members at March 31, 2008

NAME	POSITION	APPOINTING BODY
Kenneth R. Horsman	Chair	Public Employees Pension Board
Grant Ring	Vice-Chair	SaskEnergy, SaskPower, SaskTel
Sean Engemoen	Member	Saskatchewan Institute of Applied Science and Technology Saskatchewan Liquor and Gaming Authority
Pat Field	Member	Communications, Energy and Paperworkers Union
Michael Friebe	Member	Canadian Union of Public Employees Local 600
Derrick Goulet	Member	International Brotherhood of Electrical Workers Union Local 2067
Dan MacKay	Member	Saskatchewan Government and General Employees' Union
Denise Macza	Member	Public Service Commission
Cathy Uhersky	Member	Saskatchewan Crop Insurance Corporation, Workers' Compensation Board, Saskatchewan Cancer Foundation

Also serving in 2007-2008: William (Bill) Marr

Investments

Overview

The Plan offers members the choice of six asset allocation funds:

- Accelerated Growth Fund
- Growth Fund
- Balanced Fund
- Moderate Fund
- Conservative Fund
- PEPP Steps Fund

Members may also invest in the Short-term Bond Fund, either in addition to or instead of investing in one of the above funds.

Asset allocation funds invest in a mix of asset classes, including equities (Canadian and foreign), real estate, fixed income and cash equivalents. The mix depends on the fund: more conservative funds are weighted more heavily toward fixed-income investments, while more aggressive funds are weighted more heavily toward equities. The Short-term Bond Fund is invested solely in fixed income investments.

Equities offer the greatest potential return, but are exposed to a high level of market volatility, meaning they are susceptible to losses over the short term. As such, they are best suited for long-term investors who are able to ride out short-term volatility in return for long-term growth potential.

Fixed-income investments, such as bonds and cash equivalents, are low-volatility investments, meaning they are much better suited to capital preservation. For this reason, members nearing retirement may prefer funds with a greater percentage of fixed income.



Members will want to make an investment choice that fits their risk tolerance and investment profile. PEPP's seven investment options offer members a range from the Accelerated Growth Fund, an equity-based fund, to the Conservative Fund, invested mainly in fixed-income investments, to the Short-term Bond Fund, invested solely in fixed income investments.

The PEPP Steps Fund, the default investment fund for the Plan, is an asset allocation fund that automatically moves members to more conservative investments every five years. Equity holdings decrease and bond holdings increase by increments of approximately five per cent for each step.

Investments

Investment Choices

Accelerated Growth Fund

The Accelerated Growth Fund offers the highest risk and highest potential return of any PEPP investment fund. The goal of this fund is to provide capital growth over the long term. It invests primarily in equities.

The Accelerated Growth Fund has an inception date of November 1, 2007, and therefore does not yet have any annual investment returns. Fees for this fund were 0.50% at March 31, 2008. Foreign currency exposure for this fund is 31.0% (foreign exposure of 46.3%, less hedged exposure of 15.3%).

Growth Fund

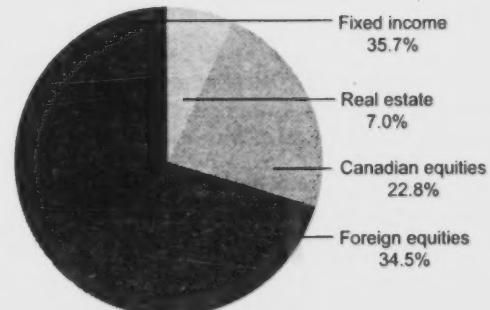
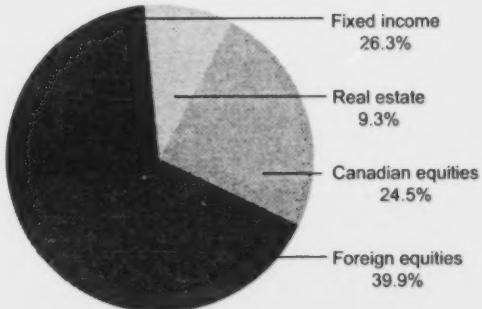
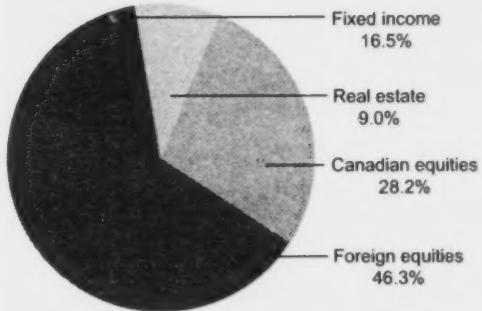
The Growth Fund is an aggressive fund, offering relatively high risk and relatively high potential return. Its goal is to provide capital growth over the long term by investing largely in equities.

The Growth Fund has an inception date of November 1, 2007, and therefore does not yet have any annual investment returns. Fees for this fund were 0.44% at March 31, 2008. Foreign currency exposure for this fund is 27.4% (foreign exposure of 39.9%, less hedged exposure of 12.5%).

Balanced Fund

The Balanced Fund offers relatively balanced potential risk and return. Its goal is to provide long-term capital growth. The Balanced Fund provides a target weight of 65% for equities and real estate.

The Balanced Fund provided a gross annualized return of -2.0%; -2.4% net of fees. Fees for this fund were 0.39% at March 31, 2008. Foreign currency exposure for this fund is 25.2% (foreign exposure of 34.5%, less hedged exposure of 9.3%).



Investments

Moderate Fund

The Moderate Fund is designed to provide a balance of security and long-term growth by balancing the risk and potential returns of the major asset classes. It invests almost equally in fixed income and equities with a small allocation to real estate.

The Moderate Fund has an inception date of November 1, 2007, and therefore does not yet have any annual investment returns. Fees for this fund were 0.33% at March 31, 2008. Foreign currency exposure for this fund is 19.8% (foreign exposure of 27.4%, less hedged exposure of 7.6%).

Conservative Fund

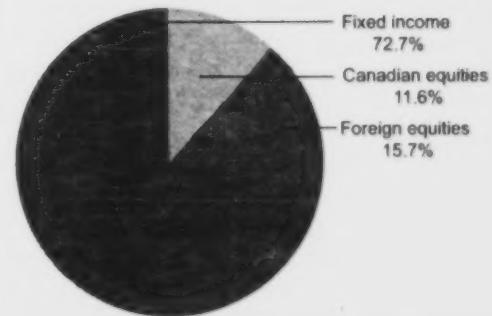
The Conservative Fund is designed to provide returns with little fluctuation. By focusing mainly on fixed income investments, it offers lower risk and lower potential for return than other PEPP asset allocation funds.

The Conservative Fund has an inception date of November 1, 2007, and therefore does not yet have any annual investment returns. Fees for this fund were 0.21% at March 31, 2008. Foreign currency exposure for this fund is 13.6% (foreign exposure of 15.7%, less hedged exposure of 2.1%).

PEPP Steps Fund

The PEPP Steps Fund is the default investment fund for the Plan. It is made up of a diversified investment portfolio, and it automatically moves members to more conservative investments in five-year intervals. Equity holdings decrease and bond holding increase by increments of 5% for each step.

The PEPP Steps Fund has an inception date of November 1, 2007, and therefore does not have any annual investment returns yet. Because of its unique structure, the PEPP Steps Fund will not have a single rate of return or fee level. Fees will range from 0.50% for PEPP Step 1 to 0.21% for PEPP Step 12.



PEPP Step	Canadian equities	Foreign equities	Real estate	Fixed income
1	28.2	24.5	9.0	4.3
2	26.6	24.5	8.9	6.9
3	24.5	24.5	9.3	11.6
4	24.4	24.5	6.9	15.7
5	22.8	24.5	7.0	19.1
6	20.7	21.0	6.6	18.1
7	19.1	22.9	6.9	16.8
8	18.1	22.4	4.3	14.8
9	16.8	22.4	4.2	14.0
10	14.8	19.6	4.2	11.6
11	14.0	19.6	0.0	11.6
12	11.6	19.6	0.0	11.6

Investments

Moderate Fund

The Moderate Fund is designed to provide a balance of security and long-term growth by balancing the risk and potential returns of the major asset classes. It invests almost equally in fixed income and equities with a small allocation to real estate.

The Moderate Fund has an inception date of November 1, 2007, and therefore does not yet have any annual investment returns. Fees for this fund were 0.33% at March 31, 2008. Foreign currency exposure for this fund is 19.8% (foreign exposure of 27.4%, less hedged exposure of 7.6%).

Conservative Fund

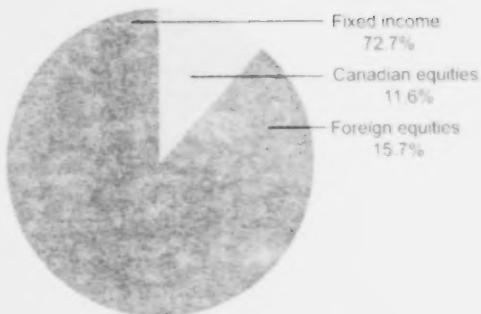
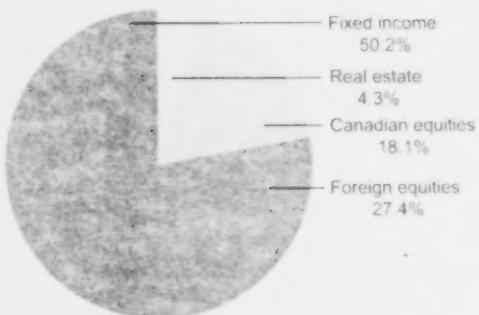
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The Conservative Fund has an inception date of November 1, 2007, and therefore does not yet have any annual investment returns. Fees for this fund were 0.21% at March 31, 2008. Foreign currency exposure for this fund is 13.6% (foreign exposure of 15.7%, less hedged exposure of 2.1%).

PEPP Steps Fund

The PEPP Steps Fund is the default investment fund for the Plan. It is made up of a diversified investment portfolio, and it automatically moves members to more conservative investments in five-year intervals. Equity holdings decrease and bond holding increase by increments of 5% for each step.

The PEPP Steps Fund has an inception date of November 1, 2007, and therefore does not have any annual investment returns yet. Because of its unique structure, the PEPP Steps Fund will not have a single rate of return or fee level. Fees will range from 0.50% for PEPP Step 1 to 0.21% for PEPP Step 12.



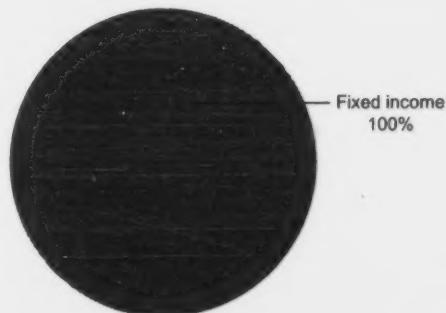
PEPP Step		Foreign equities		Fixed income
1	28.2	46.3	9.0	16.5
2	26.6	41.7	8.9	22.8
3	24.5	39.9	9.3	26.3
4	24.4	38.1	6.9	30.6
5	22.8	34.5	7.0	35.7
6	20.7	31.0	6.6	41.7
7	19.1	27.9	6.9	46.1
8	18.1	27.4	4.3	50.2
9	16.8	22.9	4.2	56.1
10	14.8	19.9	4.2	61.1
11	14.0	19.5	0.0	66.5
12	11.6	15.7	0.0	72.7

Investments

Short-term Bond Fund

The Short-term Bond Fund is the most conservative investment choice within PEPP and offers the lowest potential risks and returns. Because its goal is to preserve capital, it invests strictly in bonds with a maturity of five years or less.

The Short-term Bond Fund provided a gross annualized return of 6.0%; 5.8% net of fees. Fees for this fund were 0.19% at March 31, 2008. There is no foreign currency exposure for this fund.



Target Asset Mix

The Board has adopted a Statement of Investment Policies and Goals (SIP&G) for the Plan to guide the Board in carrying out its duties pertaining to the investment of Plan assets.

As indicated in the overview section, members of the Plan can choose to invest in any one asset allocation fund and/or the Short-term Bond Fund. Each investment option has a target asset mix for the asset classes that it invests in. Each investment option can fluctuate somewhat higher or lower than these target asset mixes, but only within approved ranges as identified in the SIP&G. *Table 1.0* shows the target asset mix for each investment choice.

Fund Name	Canadian (%)	Equities U.S. (%)	Non-N. American (%)	Real Estate	Fixed Income (%)	Cash & equivalents (%)	Short-term bonds (%)
Accelerated Growth	26.0	25.5	26.0	7.5	14.0	1.0	0.0
Growth	22.5	22.5	22.5	7.5	24.0	1.0	0.0
Balanced	20.0	20.0	20.0	5.0	34.0	1.0	0.0
Moderate	16.0	16.0	15.5	2.5	49.0	1.0	0.0
Conservative	10.0	10.0	10.0	0.0	60.0	10.0	0.0
Short-term Bond	0.0	0.0	0.0	0.0	0.0	0.0	100.0
PEPP Steps	10.0 - 26.0	10.0 - 25.5	10.0 - 26.0	10.0 - 26.0	14.0 - 60.0	1.0 - 10.0	0.0

Table 1.0

Investments

Investment Managers

Within each asset class, one or more investment managers are used for each investment choice. The use of different managers allows for further diversification of the investments within each investment choice and allows the Plan to employ different investment styles that can focus on different regions or sectors for investment. This diversification reduces the risk that any one region, sector or style may suffer during any economic cycle or event.

Investment Manager Mandates

Investment Manager	Mandate	
GlobeFlex Capital, L.P. (GlobeFlex)	Canadian Equities	GlobeFlex actively manages small cap Canadian equities.
Greystone Managed Investments Inc. (Greystone)	Canadian Equities	Greystone actively manages large cap Canadian equities.
	U.S. Equities	Greystone actively manages large cap U.S. equities, without currency hedging.
	Real Estate	Greystone actively manages Canadian real estate.
	Fixed Income	Greystone actively manages Canadian bonds.
	Short-term Fixed Income	Greystone actively manages the Short-term Bond Fund.
Hansberger Global Investors, Inc. (Hansberger)	Non-North American Equities	Hansberger actively manages large cap non-North American equities, without currency hedging.
Hillsdale Investment Management Inc. (Hillsdale)	Canadian Equities	Hillsdale actively manages small and mid cap Canadian equities.
Northwater Capital Management Inc. (Northwater)	U.S. Equities	Northwater manages mid cap U.S. equities using hedge fund enhancement, including currency hedging.
TD Asset Management Inc. (TDAM)	Canadian Equities	TDAM passively manages large cap Canadian equities.
	U.S. Equities	TDAM passively manages large cap U.S. equities, without currency hedging.
	Fixed Income Money Market	TDAM passively manages Canadian bonds. TDAM passively manages money market.
Franklin Templeton Investments Corp. (Templeton)	Non-North American Equities	Templeton actively manages large cap non-North American equities, without currency hedging.
Tweedy, Browne Company LLC (Tweedy)	Non-North American Equities	Tweedy actively manages large cap non-North American equities, with currency hedging.
AMI Partners Inc. (AMI)	n/a	AMI ceased to manage investments for PEPP in 2007.

Investments

Definitions

active management	Managers who actively buy or sell securities based on judgement and analysis.
passive management	Managers who buy or sell securities to match a specific benchmark or index.
small cap equities	Shares of smaller-sized companies, commonly under \$2 billion in market value of all shares.
mid cap equities	Shares of mid-sized companies, commonly between \$2-10 billion in market value of all shares.
large cap equities	Shares of larger-sized companies having a market value of all shares greater than \$10 billion.
hedge funds	Professionally managed portfolios of investments that use advanced investment strategies to increase returns and/or decrease risk. Hedge funds may use derivatives and long and short positions in their portfolios.

Investment Manager Weightings

Canadian equity (%)						
Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps
GlobeFlex	5.0	4.0	2.5	2.0	0.0	0.0 - 5.0
Greystone	16.0	11.5	10.0	5.0	3.0	3.0 - 16.0
Hillsdale	5.0	4.0	2.5	2.0	0.0	0.0 - 5.0
TDAM	0.0	3.0	5.0	7.0	7.0	0.0 - 7.0
Sub-total	26.0	22.5	20.0	16.0	10.0	10.0 - 26.0

U.S. equity (%)						
Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps
Greystone	9.5	6.5	5.0	5.0	3.0	3.0 - 9.5
Northwater	10.0	8.0	5.0	4.0	0.0	0.0 - 10.0
TDAM	6.0	8.0	10.0	7.0	7.0	6.0 - 10.0
Sub-total	25.5	22.5	20.0	16.0	10.0	10.0 - 25.5

Non-North American Equity (%)						
Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps
Hansberger	6.5	6.0	5.0	4.0	2.5	2.5 - 6.5
Templeton	13.0	11.0	10.0	7.5	5.0	5.0 - 13.0
Tweedy	6.5	5.5	5.0	4.0	2.5	2.5 - 6.5
Sub-total	26.0	22.5	20.0	15.5	10.0	10.0 - 26.0

Investments

Fixed Income (%)

Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps
Greystone	10.0	10.0	10.0	10.0	10.0	10.0
TDAM	4.0	14.0	24.0	39.0	50.0	4.0 - 50.0
Sub-total	14.0	24.0	34.0	49.0	60.0	14.0 - 60.0

Real estate (%)

Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps
Greystone	7.5	7.5	5.0	2.5	0.0	0.0 - 7.5
Sub-total	7.5	7.5	5.0	2.5	0.0	0.0 - 7.0

Money Market (%)

Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps
TDAM	1.0	1.0	1.0	1.0	10.0	1.0 - 10.0
Sub-total	1.0	1.0	1.0	1.0	10.0	1.0 - 10.0

Total 100.0 - 100.0 100.0 100.0 100.0 100.0 100.0

* Note: the Short-term Bond Fund invests entirely within a short-term, fixed income mandate managed by Greystone.

Investments

Investment Performance

The Board retains eight investment managers to invest the assets of the Plan. Those managers employing an active investment management style are given the objective of outperforming the market index or benchmark selected for their mandate on a rolling four-year basis. Managers employing a passive investment management style are given the objective of equalling the market index or benchmark selected for their mandate.

Canadian Equities	Gross Rate of Return (%)	
	1 Year Return	4 Year Return
Canadian Equity Managers		
Greystone (active manager)	2.2	17.3
TDAM (passive manager)	4.1	14.1
<i>Benchmark (TSX/S&P Composite Index)</i>	4.0	14.1
Canadian Small/Mid Cap Equity Manager*		
Hillsdale (active manager)	n/a	n/a
<i>Benchmark (TSX/S&P Completion Index)</i>	n/a	n/a
Canadian Small Cap Equity Manager*		
GlobeFlex (active manager)	n/a	n/a
<i>Benchmark (BMO Small Cap Index)</i>	n/a	n/a

*New mandate in 2007 - no returns to report

U.S. Equities	Gross Rate of Return (%)	
	1 Year Return	4 Year Return
U.S. Equity Managers		
Greystone (active manager)	(7.7)	2.8
TDAM (passive manager)	(15.4)	(0.4)
<i>Benchmark (S&P500 Index \$Cdn)</i>	(15.6)	(0.3)
Hedged U.S. Mid Cap Equity Manager		
Northwater (Hedge fund manager)	(13.2)	6.5
<i>Benchmark (TSX/S&P Completion Index)</i>	(8.6)	6.7

Non-North American Equities	Gross Rate of Return (%)	
	1 Year Return	4 Year Return
Non-North American Equity Managers		
Hansberger (active manager)	(8.5)	n/a
Templeton (active manager)	(14.3)	7.9
<i>Benchmark (MSCI EAFE Index - \$Cdn)</i>	(13.5)	6.9
Hedged Non-North American Equity Manager		
Tweedy (active manager)	(9.5)	n/a
<i>Benchmark (MSCI EAFE Index - Hedged)</i>	(15.0)	10.0

Investments

Canadian Bonds		Gross Rate of Return (%)	
		1 Year Return	4 Year Return
Canadian Bond Managers			
Greystone (active manager)		5.6	5.7
TDAM (passive manager)		5.6	5.2
Benchmark (DEX Universe Bond Index)		5.8	5.3

Real Estate		Gross Rate of Return (%)	
		1 Year Return	4 Year Return
Real estate manager			
Greystone (active manager)		17.4	18.9
Benchmark (Investment Property Databank)		15.4	16.5

Cash and Equivalents		Gross Rate of Return (%)	
		1 Year Return	4 Year Return
Money market manager*			
TDAM (passive manager)		n/a	n/a
Benchmark (DEX 91-Day T-Bill Index)		n/a	n/a

* New Mandate in 2007 - no returns to report

Short-term Bond Fund		Gross Rate of Return (%)	
		1 Year Return	4 Year Return
Short-term Bond Fund manager			
Greystone (active manager)		5.9	3.9
Benchmark (DEX Short-term Bond Index)		6.4	4.0

Investment Manager Fees

For the year ended March 31, 2008, the fees paid to the investment managers for the plan are shown in Table 1.1.

Investment Manager Fees (\$ thousands)	
Greystone Managed Investments Inc.	2,284
Tweedy, Browne Company LLC	2,135
Franklin Templeton Investments Corp.	2,022
Northwater Capital Management Inc.	1,874
Hillsdale Investment Management Incorporated	954
AMI Partners, Inc.	428
TD Asset Management Inc.	325
GlobeFlex Capital L.P.	318
Total investment manager fees	10,339

NOTE: No fees are shown for Hansberger, the sub-advisor to Greystone for their Non-North American equity mandate. The Board pays all fees for this mandate to Greystone, who in turn compensates Hansberger.

NOTE: During 2007 AMI ceased to manage investments for PEPP. Fees were paid to AMI for the portion of the Plan year that they did manage investments for PEPP.

Table 1.1

Investments

Monitoring Investment Performance

The Board retains Hewitt Associates to assist in the evaluation of the performance of the investment funds and investment managers. In addition to performance measurement, Hewitt Associates provides research and analysis to the Board regarding financial markets, investment managers and market trends. Hewitt Associates was paid \$136,000 in fees for the year ended March 31, 2008.

Investment Custody and Valuation

The Board retains RBC Dexia Investor Services Trust as the custodian of the Plan. RBC is responsible for custody of all financial assets of the Plan (in the name of PEPP) and settles all investment transactions, including the collection of all investment income (dividends, interest). RBC provides valuation services, including the pricing of individual securities in the Plan. RBC was paid \$747,000 for the year ended March 31, 2008.

Investment Administration

The Public Employees Benefits Agency (PEBA) is retained by the Board for administration of the Plan's investment program. This includes declaring unit values for all investment options, managing asset mix and cash flows, and performance reporting.

Plan Administration

The Board has delegated the day-to-day administration of the Plan and management of its assets to PEBA. The cost for this is charged to the fund.

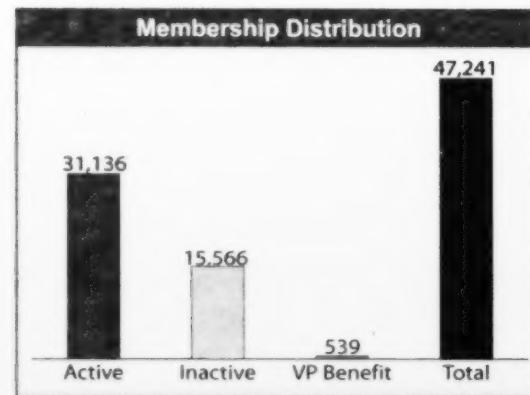
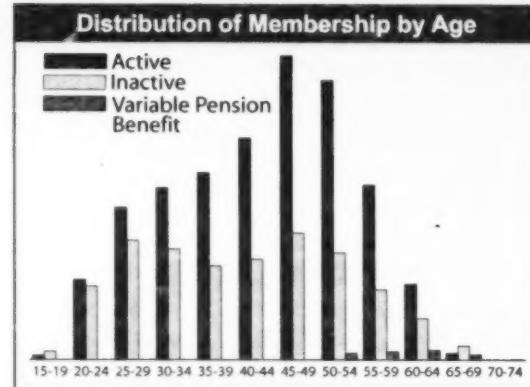
PEBA is a branch of the Ministry of Finance. PEBA administers a wide range of pension and benefit plans.

Under contract with the Board, PEBA provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan. To administer the Plan, PEBA:

- Maintains all member and accounting records;
- Collects and deposits contributions to the Fund;
- Transfers contributions to the custodian of the Fund for investment;
- Determines all questions of coverage, eligibility and methods of providing or arranging for the provision of benefits;
- Calculates and pays all pension benefits;
- Communicates with members and participating employers; and
- Prepares the annual report.

PEBA also provides Senior Executive Officer services and Executive Secretary services to the Board.

In 2007-2008, the Board paid PEBA \$4,497,480 for administrative services.



Membership Activity		
Membership at March 31, 2007		45,180
Add:		
Variable Pension (VP) Benefit enrolment		370
Enrolment during year		3,660
Less:		
Members exiting		1,969
Membership at March 31, 2008		47,241

Plan Administration

PEBA reports measurement against standards to the Board quarterly. *Table 1.2* and *Table 1.3* provide measurement results for the 2007-2008 year.

PEBA Service Standards April 1, 2007 to March 31, 2008					
Task	Completed	Number that Meet or Exceed Standard	% that Meet or Exceed Standard	Standard* (Days)	Statutory Requirement** (Days)
Statement on Termination of Membership (Option Letter)	2,753	2,201	79.9	5	90
Payment of Termination Benefits	1,173	999	85.2	5	-
Statement on Retirement (Option Letter)	211	162	76.8	5	90
Retirement Payments	1,533	1,263	82.4	5	-
Statement on Death (Option Letter)	8	5	62.5	5	90
Payment of Death Benefits	63	38	60.3	5	-
Pension Estimates - Variable Pension Benefit	311	253	81.4	5	-
Pension Estimates - Annuity	308	258	83.8	5	-
Marriage Break Up Estimates	88	50	56.8	5	-
Portability Transfer Values	38	34	89.5	5	-
Written Correspondence	Not Measured	Not Measured	N/A	5	-
Total	6,486	5,263	81.1	5	

Table 1.2

PEBA Periodic Requirements April 1, 2007 to March 31, 2008					
Task	Completed	Number that Meet or Exceed Standard	% that Meet or Exceed Standard	Standard* (Days)	Statutory Requirement** (Days)
Member Statement	2	2	100	75	180
Reporting of Budget Variance	4	4	100	Quarterly	-
Proposed Annual Budget				By March 31	-
Performance Measurement	4	4	100	Quarterly	-
Boards Decision Affecting Individual Clients	N/A	N/A	N/A	1 Month	-
Newsletter (<i>Pension Perspectives</i>)	4	4	100	Semi-annually	-
Total	15	15	100		

* Standard is set within the contract between the Board and PEBA.

** Statutory Requirement is a compliance standard within *The Pension Benefits Act, 1992 and Regulations, 1993*.

Table 1.3

Strategic Initiatives

The Board has been undertaking initiatives from a three year strategic plan that runs to 2008-2009. The strategic plan sets out initiatives and activities for the planning period in four major categories:

1. Communications:

Plan members should have access to information and tools that support them in making decisions within the Plan.

2. Plan Governance:

The Board maintains a position of leadership and continues to develop and follow governance best practices.

3. Accountability:

The Board measures and manages overall plan performance and the performance of key delegates.

4. Service Delivery and Design:

Plan members have access to and use the services offered through the Plan and consider those services to meet their needs.

The Board has adopted a comprehensive governance process that includes regular strategic planning and risk assessment. It is anticipated that early in 2008-2009 the Board will adopt a strategic plan that is being developed within the context of the Plan's purpose, mission and goals. The new strategic plan considers a number of internal and external factors.

The strategic goals of the Plan may vary from those reported in this annual report and are likely to include:

Service Delivery, Design and Communications:

Plan members have access to pension services and information which meet their needs.

Plan Growth:

Identify and respond to opportunities that could foster the growth of the Plan.

Plan Governance:

The Board measures and manages overall plan performance and the performance of key delegates.

Accountability:

Performance of the Plan and the Board's service providers is measured, managed and reported.

This annual report will provide reporting for the activities accomplished in 2008-2009 under that strategic plan.

Strategic Initiatives

1. Communications

Plan members and beneficiaries have a right to know how their contributions are spent and invested. Members must have opportunity to express their opinions and desires about how the Plan itself should be run.

The Plan allows members to exercise choice in their investment fund and in their retirement income options. If choice is to be meaningful, members must be provided with clear, comprehensive information and tools that support them in making informed decisions within the Plan.

The Board recognizes that it needs a communications strategy that supports the Plan

members' needs and the Board's strategic objectives. The Board must facilitate two-way communication with Plan stakeholders to gather their feedback.

The Board has approved the phased implementation of a communications plan and is monitoring its progress quarterly. The Board communicates with members and beneficiaries through newsletters, member statements, the PEPP website, surveys, presentations, meetings, telephone discussions, correspondence and the annual report.

Communications Activities

Activities planned and accomplished in 2007 – 2008	
<ul style="list-style-type: none"><i>Continue to inform members of decision-making tools available to them.</i>	<p>Talk information sheets help members better understand pension procedures and services. <i>Pension Perspectives</i>, the Plan newsletter, is published four times per year and regularly promotes the decision-making tools. The PEPP Member Statement is provided twice a year to members.</p>
<p>On May 1, 2007, PEPP introduced PEPP Access online services. PEPP Access enables members to view account information 24 hours a day, seven days a week. <i>Retire@Ease</i> is an easy to use online interactive retirement planning tool.</p>	<p>An enrolment kit is now being provided to new members. This kit includes a PEPP Member Investor Profile and an Information Summary with information on the seven investment funds and Fund Fact Sheets.</p>
<p>Communications materials to support the introduction of PEPP Access were mailed to all members prior to the introduction of the service. The communications materials included a folder containing an introduction to PEPP Access and <i>Retire@Ease</i>, a brochure describing PEPP Access, a one-page description of <i>Retire@Ease</i>, a brochure on how to use <i>Retire@Ease</i>, and a Question and Answer page on <i>Retire@Ease</i>.</p>	<ul style="list-style-type: none"><i>Conduct member information sessions in accordance with goals established in the annual budgeting process.</i> <p>Expanding Investment Choice to seven investment fund choices from the two choices (Balanced Fund and Short-term Bond Fund) entailed communicating to the Plan's more than 45,000 members about the change.</p>
<p>The PEBA website accommodates online services information. A number of communication tools are regularly used to provide information about the decision-making tools available to members. PEPP</p>	<p>The centre piece of the communications efforts supporting the introduction of Investment Choice was a print package describing Investment Choice that was mailed to all members.</p>

Strategic Initiatives

Each PEPP member was to have the opportunity to attend a presentation providing background on Investment Choice.

Ninety-three participating PEPP employers (16 large employers with over 100 members, 55 small employers and 22 ministries from executive government) and participating unions were contacted to provide their members the opportunity to attend. A 45-minute presentation was created along with a package of information that included an evaluation form and a copy of the presentation. A PEPP Member Investor Profile helped members measure their risk tolerance and determine their investment style. An information summary, also provided at the presentations, detailed the available investment funds.

Sixteen staff members were trained (in-house) to provide presentations to members across the province. Fourteen other staff members provided support. A pre-eminent Canadian pension educator was also retained to provide some Investment Choice presentations.

Presentations began in March 2007 and continued through June 2007. In September 2007 additional presentations were provided to enable inactive members to attend. There were a total of 205 Investment Choice presentations provided to 13,273 members (active and inactive). Presenters used 51 venues to provide live presentations in 17 different Saskatchewan communities. Four SCN broadcasts were delivered to another 16 Saskatchewan communities.

There were 6,426 evaluations returned from the 205 presentations. The presenters and the presentation were rated on a scale of one to four with four as the highest rating. The rating most frequently received was the highest rating.

- *Develop and implement methods of obtaining Plan member feedback on communication activities.*

The evaluations returned at the Investment Choice presentations provided feedback. There were 2,857 comments returned in the 6,426 evaluation returned. Those comments were reviewed.

Retire@Ease has a four-question survey for members in a menu located on the welcome page. Questions determine member understanding of the use of the planning tool.

Activities planned for 2008 – 2009

- Continue to inform members of the availability of decision-making tools.
- Conduct member information sessions.
- *Develop and implement methods of obtaining Plan member feedback on communication activities.*

Strategic Initiatives

2. Plan Governance

Pension plan governance refers to the roles and responsibilities of the Board and its delegates in respect of a pension plan to fulfill their fiduciary obligations.

The overriding objectives of Plan governance are to protect the interests of Plan members and, in particular, to ensure that the Plan will be able to pay the appropriate benefits when the pensions become due. Good governance requires appropriate control mechanisms that encourage good decision making, proper and timely execution, and regular review and assessment.

The Board has invested considerable effort in recent years in developing its governance practices and policies. The Board will continue to implement and maintain its governance program, including regular strategic planning, risk assessment and performance management.

The Board has adopted the following governance principles using the guidelines established by the Canadian Association of Pension Supervisory Authorities (CAPSA):

- The Board has a fiduciary responsibility to Plan members;
- Governance objectives are established for the oversight, management and administration of the Plan;
- The roles, responsibilities and accountabilities of all participants are clearly described and documented;
- Performance measures are established, monitored and reported;
- Plan administrators have the duty to apply the knowledge and skills needed to meet governance responsibilities;
- Plan administrators should have access to relevant, timely and accurate information;
- Establish an internal control framework to address the Plan's risks;
- Establish appropriate mechanisms to oversee and ensure compliance with legislative requirements, pension plan documents and administrative policies;
- Communicate the governance process to Plan members, beneficiaries and other

stakeholders to facilitate transparency and accountability;

- Establish a code of conduct and a policy to deal with conflicts of interest; and
- Conduct a regular review of plan governance.

In developing its governance principles:

- The Board's Governance Manual includes a listing of the Board's generic fiduciary responsibilities;
- The Board has a statement of mission and goals;
- The Governance Manual identifies the roles and responsibilities of the Board and identifies the delegation of the Board's roles and responsibilities;
- The Board has established clear measures for assessing the performance of all participants in the governance process who have decision-making authority;
- The Board has established an ongoing process to identify the knowledge and skills needed for the effective governance of the pension plan;
- The contracts with the Board's service providers contain reporting requirements;

Strategic Initiatives

- The Board has gone through a formal risk-assessment process and has identified key risks;
- The Board has a mechanism to ensure compliance with legislative requirements and pension plan documents and administrative policies;
- The Board has provided an explanation to Plan members and beneficiaries of the process that will be used to address their questions and complaints;
- The Board has a conflict of interest policy to deal with actual or perceived conflicts of interest, including those of delegates; and
- The Governance Manual provides for an annual review of the Board's performance, the Chair's performance, and Plan governance.

Plan Governance Activities

Activities planned and accomplished in 2007 – 2008	
<ul style="list-style-type: none">• <i>Perform Canadian Association of Pension Supervisory Authorities (CAPSA) self-assessment for current year.</i> The Board conducted a governance self-assessment with the CAPSA Pension Plan Governance Guidelines. The self-assessment noted 100 per cent compliance with the guidelines.• <i>Perform annual internal review of Plan's compliance with Capital Accumulation Plan (CAP) guidelines.</i> The Board conducted a review of the Plan's compliance with CAP Guidelines. The Board has determined that the Plan is in compliance with the guidelines, with the exception of two guidelines which fall into the category of partial compliance. The Plan will be in full compliance once further information is provided on the website regarding where members can find out details regarding the investments of the Plan, and once a complete year of historical data is available for the funds introduced November 1, 2007.• <i>Third-party review of CAP guidelines compliance.</i> The Board engaged a consultant to conduct an external audit of compliance with the CAP	<p>Guidelines. The audit has been completed and the results will be presented to the Board in April 2008.</p> <ul style="list-style-type: none">• <i>Report performance reviews of delegates to the Board.</i> Performance reviews of Hewitt Associates, RBC Dexia Investor Services and the Plan's auditor, Meyers Norris Penny (MNP) were provided to the Board. The Board also received quarterly reports from PEBA on PEBA's performance with respect to the service standards outlined in the contract between PEBA and the Board.• <i>Develop policy and report progress.</i> The following policies were developed and approved:<ol style="list-style-type: none">1. Fees for services provided by the Board;2. Designation of employers;3. Late contributions;4. Directing of contributions to investment funds;5. Plan member;6. Salary;7. Acquisition of services;8. Default investment option;9. General valuation of investment funds;10. Removal of employers;11. Adding an investment option;12. Removing an investment option;13. Communication of investment option changes; and,14. Replacing an investment manager.

Strategic Initiatives

- *Retain third-party assistance in the review and assessment of governance structure.*

Third-party assistance in the review and assessment of the governance structure was not attained in 2007-2008. This activity will be undertaken in 2008-2009.

- *Other Activities*

The Board continued its education programs to enhance Board member qualifications and knowledge in managing the Plan with an orientation program for new Board members, an ongoing developmental program and continuing education program (refer to *Table 1.4*).

- The Board conducted a review of its Governance Manual and adopted amendments with respect to Board member indemnification, Board member orientation, the complaint process, information received by the Board, content of performance reports provided by investment managers, and the description of the responsibilities and duties of the Board Chair.
- The Board reviewed 2006-2007 Risk Management Activity and approved the 2007-2008 Risk Management Plan.
- The Periodic Checklist is a tool used to inform the Board of progress on key plan activities that PEBA and other service providers are required to carry out over the course of each Plan year. The Board approved the Interim Periodic Checklist for the Plan for 2007-2008.
- Members were informed of the method of contacting PEPP with questions or concerns in every article of communication that was distributed to members.
- The Board received quarterly updates on the progress of the strategic initiatives and implementation activities within the Business Plan, and is in the process of developing a new strategic plan.

Activities planned for 2008 – 2009

- Perform the CAPSA self-assessment for the current year.
- Perform an annual internal review of Plan's compliance with CAP guidelines.
- Report performance reviews of delegates to the Board.
- Develop policy and report progress.
- Develop a plan for addressing findings of external assessment of CAP guidelines compliance.

Strategic Initiatives

Seminars, Courses and Other Events Attended by Board Members in 2007– 2008

Board Member	Education Events Attended	Registration Fees (Total)
Sean Engeroen	• Basic Trustee Development Course (Humber College)	\$1,150
Pat Field	• Pension Information Session (PEBA) • National Conference (CPBI ¹) • National Conference (ACPM ²) • Liability Driven Investing (CPBI)	\$3,075
Michael Friebe	• Pension Information Session (PEBA) • National Conference (CPBI) • National Conference (ACMP)	\$2,275
Derrick Goulet	• Pension Investment Management School (Mercer) • Pension Information Session (PEBA) • Basic Trustee Development Course (Humber College)	\$4,025
Kenneth R. Horsman	• Pension Information Session (PEBA) • Fundamentals of Governance (Queens University) • Basic Trustee Development Course (Humber College)	\$2,975
Dan MacKay	• Pension Information Session (PEBA)	\$175
Denise Macza	• Advanced Trustee Management Standards Part I (International Foundation) • Advanced Trustee Management Standards Part III (International Foundation)	\$2,720
Grant Ring	• Pension Information Session (PEBA)	\$175
Cathy Uhersky	• Pension Investment Management School (Mercer) • Pension Information Session (PEBA) • Essential Skills for Pension Committee Members (Federated Press) • Basic Trustee Development Course (Humber College) • Liability Driven Investing (CPBI)	\$5,915

¹Canadian Pension and Benefits Institute

²Association of Canadian Pension Management

This table is referenced under Plan Governance on page 24.

Table 1.4

Strategic Initiatives

3. Accountability

Effective plan management requires a strong focus on accountability. The Board holds the ultimate responsibility for stewardship of the Plan. The structure of the Board and the process for appointing its members ensures that Board members are able to operate independently.

The basis of accountability is the establishment of measurable objectives and the monitoring of progress against these objectives. To this end, the Board measures and manages overall plan performance and the performance of key delegates.

Under the administration agreement, the Board has delegated to PEBA the responsibility for the day-to-day operations required to administer the Plan and manage its assets.

Over the past few years, the Board has made considerable progress with respect to this strategic initiative, including:

- Establishing service standards with PEBA.
- Identifying key performance indicators.
- Developing a strategic plan.
- Conducting Board member self-assessment.

Accountability Activities

Activities planned and accomplished in 2007 – 2008	
<ul style="list-style-type: none">• <i>Phased-in implementation of a framework and reporting mechanisms for evaluation of key Plan activities.</i> <p>As part of the Board's strategic planning process and implementation of reporting mechanisms for evaluating key Plan activities, the Board engaged an external consultant to assist in the development of a Strategic Business Plan and Balanced Scorecard.</p> <p>A draft version of the Balanced Scorecard, including critical success factors, has been developed for presentation to the Board, and measures are currently in development. PEBA drafted the strategic plan objectives and initiatives for approval by the Board in early 2008-2009.</p> <ul style="list-style-type: none">• <i>Report on performance objectives and benchmarks specified in the Statement of Investment Policies and Goals (SIP&G).</i>	<p>Investment performance reporting is provided within the Annual Report, performance bulletins, and <i>Pension Perspectives</i> newsletters, which are available on the website.</p> <p>The Board received quarterly reports from the custodian and its investment consultant regarding investment manager compliance with its SIP&G.</p> <p>The Board approved amendments to its SIP&G which reflect revised investment manager rebalancing procedures and the retention of two new investment managers, Hillsdale Investment Management Inc. and GlobeFlex Capital, L.P.</p> <ul style="list-style-type: none">• <i>Facilitate audit reporting.</i> <p>The Plan's auditor, MNP, working with the Provincial Auditor, formed the following audit opinions for the year ended March 31, 2007:</p> <ul style="list-style-type: none">- PEPP financial statements are reliable;

Strategic Initiatives

- PEPP had adequate rules and procedures to safeguard public resources and ensure compliance with authorities, except as reported in the Provincial Auditor's 2007 Report (Volume 3 Chapter 9 - Finance); and
- PEPP complied with authorities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing activities.
- *Other Activities*
 - A suspension of transactions (black-out period) was required to facilitate the implementation of Investment Choice. The suspension was conducted in accordance with the Board's Policy, Suspension of Transactions, and was lifted earlier than initially indicated with the implementation of Investment Choice on November 1, 2007.
 - PEBA provided its policy regarding the Tracking of Performance Measurement to the Board. The policy outlined how PEBA will track, monitor, and review the performance against the service standards outlined in the contract between PEBA and the Board.

Activities planned for 2008 – 2009

- Phased-in implementation of framework and reporting mechanisms for evaluation of key Plan activities.
- Report on performance objectives and benchmarks specified in the Statement of Investment Policies and Goals (SIP&G).
- Facilitate audit reporting.

Strategic Initiatives

4. Service Delivery and Design

In year two of the Board's three-year strategic plan, the Board continued to identify, assess and, where appropriate, implement opportunities that supported their fiduciary obligations to Plan members.

The Board recognizes the importance of ensuring that plan design and delivery provide enough choice and flexibility to meet member needs.

The Board is committed to ensuring that Plan members have adequate access to, and use the Plan's services by putting more tools and information within their reach.

The first phase of PEPP Access, completed in 2005, was the conversion of the pension administration computer system to express account balances as a number of units. The next phase of PEPP Access, completed in May 2006, included offering a *Variable Pension (VP) Benefit* option for retiring members. In May 2007, the PEPP Access online web-based tool was launched. It allows members to access current account balances, personal information including beneficiary information and member statements. Launched in conjunction with PEPP Access was *Retire@Ease*, a retirement planning tool allowing members to conduct personal retirement planning.

The Investment Choice project was completed in November 2007 with the introduction of expanded investment choice for PEPP members. In progress into 2008-2009, is the enhancement of online web-based tools allowing members the opportunity to process investment choice changes (inter-fund transfers) online.

These initiatives are intended to meet the Board's objectives of improving communications and service delivery.

Communications to members and employers supporting these initiatives have included employer bulletins, an employer administration guide, a new enrolment kit, newsletters, PEPP Talks, Investment Choice material, including the *PEPP Member Investor Profile*, as well as PEPP Access online and *Retire@Ease* guides. Information on the website is constantly reviewed and updated.

Strategic Initiatives

Service Design and Delivery Activities

Activities planned and accomplished in 2007 – 2008	
<ul style="list-style-type: none"><i>Implement methods and measures and commence comparisons for "take-up" rate of new and existing services being offered under the Plan.</i> <p>PEPP Access, the member online access tool, and <i>Retire@Ease</i>, a retirement planning tool, were launched in May 2007 together as a single sign on application. The <i>PEPP Member Investor Profile</i> can also be accessed online to help members identify their investment style.</p> <p>During the year under review, the Board approved a policy to follow in reviewing decision-making tools. PEBA then developed procedures for that review.</p> <p>Statistical information is gathered and reported to the Board regarding the "take up" rate and where applicable, comparison measures provided:</p> <ul style="list-style-type: none">- Variable Pension Benefit (2006) The <i>VP Benefit</i> was implemented in May, 2006. At March 31, 2008, there are 539 members and over \$159 million in assets retained in the <i>VP Benefit</i>. This compares to 241 members and over \$76 million in assets at March 31, 2007.- PEPP Access Average number of monthly hits are 6,400 for the period May 2, 2007 - March 31, 2008.- Retire@Ease Number of users totalled 7,316 for the period of May 2, 2007 - March 31, 2008. <ul style="list-style-type: none"><i>Continue to monitor and report attendance at Plan member information sessions and establish benchmarks and goals for future years.</i> <p>In 2007-2008, PEBA facilitated two <i>Shooting for the Green</i> presentations (one day sessions</p>	<p>on retirement planning). These presentations were suspended while 205 Investment Choice presentations were made to 13,273 attendees.</p> <p>A new one-day retirement planning information seminar, <i>RetireWithEase</i> (to replace <i>Shooting for the Green</i>) was drafted for presentations to members to start in May 2008.</p> <ul style="list-style-type: none">• <i>Collect Plan member feedback on selected service events and information and decision-making tools.</i> <p>Evaluation feedback was collected from Retirement Planning Sessions and Investment Choice presentations throughout the year. <i>Retire@Ease</i> on-line survey results were collected since inception of the tool. <i>Retire@Ease</i> survey results:</p> <ul style="list-style-type: none">- 67 responded to the survey;- 73 per cent understood the results;- 71 per cent believe it will help them effectively plan for retirement;- 60 per cent felt more confident in planning for retirement after using the tool; and,- 73 per cent will use the tool in future retirement planning. <p>A draft version of the Balanced Scorecard was developed which will involve the collection of Plan member feedback.</p> <ul style="list-style-type: none">• <i>Implement Investment Choice</i> <p>Effective November 2007, Plan members have seven investment choices: PEPP Steps Fund, Conservative Fund, Moderate Fund, Balanced Fund, Growth Fund, Accelerated Growth Fund and Short-term Bond Fund.</p> <p>During the year under review, the Board approved:</p> <ul style="list-style-type: none">- Amendments to its SIP&G; and- An Information Summary for Investment Choice.

Strategic Initiatives

Investment Choice presentations were made in 2007 to active and inactive members. The presentations were designed to:

- Introduce the new funds;
- Explain the responsibility of the member; and
- Provide information on risk, return, and volatility.

New enrolment kits were introduced following the introduction of Investment Choice to include:

- an updated application form with Investment Choice choices;
- Member booklet
- An Information Summary;
- An Investment Choice brochure;
- Fund Fact Sheets;
- A PEPP Member Investor Profile.

Communication materials including PEPP Talks and administration forms were updated to include investment choice.

Investment Choice change letters were sent to all members prior to implementation. Confirmation statements were sent to all members following implementation.

- Determine Plan member satisfaction with available information and decision-making tools (third-party analysis).

Activities planned for 2008 – 2009

- Commence comparisons of developed measures for "take-up" rate of new and existing services being offered under the Plan.
- Continue to monitor and report attendance at Plan member information sessions and establish benchmarks and goals for future years.
- Develop methods for collecting Plan member feedback on selected service events, and information and decision-making tools (part of the Balanced Scorecard).
- Collect Plan member feedback on selected service events and information and decision-making tools.

Risk Management

The Board is responsible for identifying risks that could negatively affect the operation of the pension plan, Plan members and other stakeholders. The Board evaluates the risks to which the Plan is exposed and ensures appropriate strategies are in place to manage these risks.

The Board annually conducts a risk assessment review that:

- Reviews the risk management performance for the previous year and progress made with respect to annual goals;
- Identifies and assesses the impact and probability of key plan risks; and
- Establishes risk management strategies for the current year and identifies specific goals for the year.

The outcomes of this review are included as necessary in revisions to the Board's risk management processes.

The Board has identified the following potential risks that could adversely affect the operation of the Plan:

- Inadequate performance of assets and excessive costs and expenses;
- Inadequate performance of service providers and service provider failures;
- Non-compliance with legislative requirements and failure to meet fiduciary obligations;
- A lack of understanding by Plan members about the role of the Plan in achieving their retirement objectives, and a lack of awareness among members and employers of their rights and obligations; and
- Failure to meet the needs of Plan members and participating employers.

The Board has developed and implemented these strategies to manage these risks:

- The Board implemented a SIP&G that outlines the Board's investment beliefs and provides for risk management through diversification of asset classes, capital markets and investment managers.

The SIP&G defines the benchmark to which

investment performance is measured.
The Board annually reviews the SIP&G.

The Board communicates investment performance.

Independent monitoring is carried out by:

- Hewitt Associates;
- RBC Dexia Investor Services; and
- Custodians of Pooled Funds used by the Board.

- The Board ensures initiatives and Plan-related activities are adequately funded through its budgeting process.

- The Board receives a report comparing the administrative costs for public sector pension plans, including other public sector defined contribution pension plans annually.
- The Board reviews the performance standards for the Board's administrator, investment consultant, investment managers and custodian on a quarterly basis.

- There are two levels of audit:
 - The Board retains Meyers Norris Penny (MNP) to conduct an audit of the Plan.
 - The Provincial Auditor reports to the Legislative Assembly regarding the audit of the Plan.

- The Board has an Acquisition of Service policy that details how the Board is to retain service providers.
- Service providers are to have a disaster recovery plan.
- The Board's administrator reviews and reports on compliance with legislative requirements annually.
- The Periodic Checklist is a list of major items identified by the Board that are necessary for the administration of a pension plan. The

Risk Management

checklist allows the verification that an activity has been carried out. The completed Periodic Checklist is provided to the Board on a semi-annual basis.

- Board members are required to review and sign the Board's Code of Conduct and Conflict of Interest Procedures at least annually.
- The Board has outlined the education requirements of Board members to assist them in executing their fiduciary and governance duties.
- The Board formally reviews its Business Plan on a periodic basis.
- The Board regularly consults with legal counsel and outside advisors regarding issues on which it is deliberating.

- The Board retains service providers who are experts in the responsibilities to which they are assigned with respect to the Plan.
- The Board reviews the Strategic Communications Plan, which provides the framework for how the Board will communicate with Plan members and participating employers.
- PEBA has staff providing retirement information seminars and individual information for Plan members.
- Information tools include: member and employer seminars, employer bulletins and guides, website information, and written materials.
- The Board consults with Plan members and participating employers on a regular basis to determine needs.

Risk Management Activities

Activities planned and accomplished in 2007 – 2008	
<ul style="list-style-type: none">• <i>The Board will continue to move forward with the implementation of additional investment options for members of the Plan.</i> <p>Investment Choice was implemented on November 1, 2007 in order to provide additional investment options Plan members. The Plan now offers seven investment fund options, which include five asset allocation funds, the PEPP Steps Fund, and the Short-term Bond Fund. The asset allocation funds and the PEPP Steps Fund offer a mix of asset classes, which are made up of fixed income, real estate and equities.</p> <p>A total of 205 member presentations on Investment Choice were delivered. The presentations outlined the investment choices available, the responsibility of members to make choices to facilitate their retirement goals, and the responsibility of members to obtain investment advice on retirement planning from a qualified financial planner. The presentation is also available on the website.</p>	<p>Investment Choice print communications packages, letters containing members' account balances, a <i>Pension Perspectives</i> newsletter, and Information Summaries containing details about Investment Choice were mailed to all members in August 2007. An Employer Bulletin regarding Investment Choice was mailed to employers.</p> <p>The <i>PEPP Member Investor Profile</i> questionnaire is also available online as a decision-making tool to assist Plan members. The questionnaire was mailed to members upon the implementation of Investment Choice.</p> <p>Fund Fact Sheets providing detailed information about the investment options within the Plan are posted on the website. An <i>Information Summary to Investment Choice</i> is also posted on the website.</p> <ul style="list-style-type: none">• <i>Amendments to the Plan's SIP&G will be implemented when the new investment options are available to members in late 2007.</i> <p>The Board received quarterly reports from the custodian and its investment consultant</p>

Risk Management

regarding investment manager compliance with its SIP&G.

The Board approved amendments to its SIP&G reflecting the changes due to Investment Choice, revised investment manager rebalancing procedures, and the retention of two new investment managers, Hillsdale Investment Management Inc. and GlobeFlex Capital, L.P.

- *The Board will continue to assess new investment strategies with respect to how these strategies fit with the Plan's investment objectives.*

Assessment of the investment strategy of the Plan occurred within the Investment Choice project. The investment strategy will continue to be periodically assessed with respect to the Plan's investment objectives.

- *The development of a framework and reporting mechanisms for the evaluation of key plan activities will commence in the summer and fall of 2007.*

A draft version of the Balanced Scorecard, including critical success factors, has been developed for presentation to the Board, and measures are in development.

- *Periodic evaluation by the Board's administrator of the performance of the investment consultant and custodian.*

Performance reviews of Hewitt Associates, RBC Dexia Investor Services, and Meyers Norris Penny (MNP) were provided to the Board.

- *The Board's auditor, MNP, will audit PEBA compliance with the performance measures in the Service Agreement between the Board and PEBA.*

Audit was not undertaken in 2007-2008. The audit is scheduled for May 2008.

The Board received quarterly reports from PEBA on PEBA's performance with respect to

the service standards outlined in the contract between PEBA and the Board.

- *The completed Periodic Checklist will be provided to the Board on a semi-annual basis.*

PEBA presented the Periodic Checklist for 2006-2007 for the Plan and the Interim Periodic Checklist for the first six months of 2007-2008 to the Board.

- *Third party review of CAP guidelines compliance.*

The Board engaged a consultant to conduct an external audit of compliance with the Capital Accumulation Plan (CAP) Guidelines. The audit has been completed and the results will be presented to the Board in April 2008.

- *The Board will continue implementation of its revised Business Plan in 2007-2008, including:*

1. *The continued development of decision-making tools and making these available to the membership;*
2. *Conducting member information sessions in accordance with goals established in the annual budgeting process;*
3. *Implementing methods and procedures for collecting Plan member feedback on communications activities; and*
4. *The need for obtaining third-party assistance in the review and assessment of member awareness of the Plan's governance structure.*

Feedback from Plan members was collected at Investment Choice presentations. Members asking for guidance in selecting investment options were advised to consult with an independent financial planner.

Third-party assistance in the review and assessment of member awareness of the Plan's governance structure was not attained in 2007-2008. This activity will be re-evaluated in 2008-2009.

Risk Management

- *Retire@Ease and PEPP Access member web will be made available to members in May 2007.*

PEPP Access and *Retire@Ease* online services were introduced on May 2, 2007. PEBA prepared communication materials to support the release of these services, and information packages were mailed to all members on May 14, 2007.

The Winter 2008 issue of the *Pension Perspectives* newsletter reminded members of the availability of PEPP Access and *Retire@Ease* in obtaining information and conducting retirement planning.

- **Other Activities**

- The Plan's auditor, MNP, working with the Provincial Auditor, formed the following audit opinions for the year ended March 31, 2007:
 1. PEPP financial statements are reliable;
 2. PEPP had adequate rules and procedures to safeguard public resources and ensure compliance with authorities, except as reported in the Provincial Auditor's 2007 Report (Volume 3 Chapter 9 - Finance); and
 3. PEPP complied with authorities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing activities.
- The Board received investment performance reviews for the quarters ending March, June, September, and December 2007.
- Annual investment performance was communicated through the Board's Annual Report, member statements, performance bulletins, and *Pension Perspectives*.
- Daily unit values and historical rates of return are posted on the website.

- The Board received quarterly updates on its budget for the periods ending March, June, September, and December 2007.

- The Board received a report comparing the administrative costs for pension plans, including other defined contribution plans.

- Employer bulletins were provided to employers regarding Investment Choice, enrolling and terminating employees, PEPP Access and *Retire@Ease*, potential liability, blackout periods, notice of change forms, mandatory retirement and overtime contributions, and *RetireWithEase*.

- PEBA provided updates regarding the Strategic Communications Plan at the Board's May and October meetings.

- All services acquired by the Board were acquired in accordance with its Acquisition of Services Policy.

- PEBA confirms that each of the Board's service providers has a current disaster recovery plan in place.

- Quarterly Pension Adjustment Reversals were submitted to Canada Revenue Agency (CRA) within the prescribed deadlines.

- The Annual Information Return was filed with the CRA and the Superintendent of Pensions within the prescribed deadline.

Activities planned for 2008 – 2009

- The Board will continue to assess new investment strategies with respect to how these strategies fit with the Plan's investment objectives.
- Development of a framework and reporting mechanisms for the evaluation of key Plan activities. (Continued development of the Balanced Scorecard.)

Risk Management

- Development of a new retirement information seminar, RetireWithEase, for presentation to members.
- Periodic evaluation by the Board's administrator of the performance of the investment consultant and custodian.
- The Board will continue to receive quarterly updates comparing actual expenditures versus budgeted amounts.
- The Board's auditor, MNP, will audit PEBA's reporting of performance measures to the Board.
- The completed Periodic Checklist will be provided to the Board on a semi-annual basis.
- Communication of results of third-party review of CAP guidelines compliance.
- The Board is currently in the process of developing new objectives and initiatives as part of the development of a new Strategic Business Plan for the period of 2008-2011.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

The Public Employees Pension Board is composed of a Chairperson selected through a formal recruitment process with four members representing employees and four members representing employers. The Board is responsible for financial administration, administration of the funds and management of assets.

The financial statements, which follow, have been prepared by management in conformity with accounting principles generally accepted in Canada and have been approved by the Board. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements were examined by Meyers Norris Penny. Their report follows.



Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency



Kathy Deck
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
June 9, 2008

Public Employees Pension Board

Public Employees Pension Plan

Financial Statements

Year ended March 31, 2008

Auditors' Report



To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Public Employees Pension Plan as at March 31, 2008 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Public Employees Pension Plan as at March 31, 2008 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 9, 2008

Meyers Norris Penny LLP
Chartered Accountants

**Public Employees Pension Plan
Statement of Net Assets Available For Benefits**

Statement 1

As at March 31

	(thousands of dollars)	
	<u>2008 Total</u>	<u>2007 Total</u>
ASSETS		
Investments (Note 3)		
Short-term	\$ 14,274	\$ 45,801
Bonds and debentures	605,468	503,902
Equities	1,396,125	1,470,559
Pooled funds	1,893,846	1,947,854
Mortgages	705	748
Real estate	277,990	244,581
	<u>4,188,408</u>	<u>4,213,445</u>
Receivables		
Contributions receivable – employee	2,364	3,471
Contributions receivable – employer	2,395	3,326
Accrued investment income	15,050	13,039
	<u>19,809</u>	<u>19,836</u>
Cash	40,986	51,655
Due from General Revenue Fund (Note 6)	5,774	3,230
Total assets	<u>4,254,977</u>	<u>4,288,166</u>
LIABILITIES		
Bank indebtedness	-	77
Administrative expenses payable	4,707	3,233
Refunds, transfers and other payables	5,794	4,234
Total liabilities	<u>10,501</u>	<u>7,544</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$4,244,476</u>	<u>\$4,280,622</u>

(See accompanying notes to the financial statements)
(See Schedule 1 for Net Assets Available for Benefits by Investment Option)

**Public Employees Pension Plan
Statement of Changes in Net Assets Available for Benefits**

Statement 2

For the Year Ended March 31

(thousands of dollars)

	2008 Total	2007 Total
INCREASE IN ASSETS		
Investment income		
Interest	\$ 25,827	\$ 22,362
Pooled funds	121,156	107,955
Dividends	36,298	35,115
Real estate	13,016	9,500
Other	285	605
	<u>196,582</u>	<u>175,537</u>
Increase (decrease) in market value of Investments	<u>(278,956)</u>	<u>275,557</u>
Contributions		
Employee	100,651	83,534
Employer	95,239	78,881
External transfers in	13,273	3,843
	<u>209,163</u>	<u>166,258</u>
Total increase in assets	<u>126,789</u>	<u>617,352</u>
DECREASE IN ASSETS		
Transfers, refunds and benefits (Note 5)	140,558	128,932
Transfer to Saskatchewan Pension		
Annuity Fund	5,968	6,393
Administrative expenses (Note 7)	<u>16,409</u>	<u>14,536</u>
Total decrease in assets	<u>162,935</u>	<u>149,861</u>
(Decrease) increase in net assets	<u>(36,146)</u>	<u>467,491</u>
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>4,280,622</u>	<u>3,813,131</u>
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$4,244,476</u>	<u>\$4,280,622</u>

(See accompanying notes to the financial statements)

(See Schedule 2 for Statement of Changes in Net Assets Available for Benefits by Investment Option)

Public Employees Pension Plan Notes to the Financial Statements

March 31, 2008

1. Description of Plan

The following description of the Public Employees Pension Plan is a summary only. For more complete information, reference should be made to the Plan text.

a) General

The *Public Employees Pension Plan Act* (the Act) is the legislative authority for the Public Employees Pension Plan (the Plan), which is a defined contribution plan that covers the employees of a number of government entities. Effective September 1, 2002, the Plan also covers the Members of the Legislative Assembly.

The Act established the Plan to accumulate all contributions and earnings for plan members. The Plan consists of five asset allocation Funds: the Accelerated Growth Fund; the Growth Fund; the Balanced Fund; the Moderate Fund; the Conservative Fund; one lifecycle Fund: the PEPP Steps Fund; and the Short-term Bond Fund.

All Funds receive and hold, in trust for members, contributions from the members and employers (participants) and investment income derived from the Funds' investments.

All Funds hold varying percentages of bonds, equities, real estate, mortgages, pooled Funds, short-term investments and derivative financial instruments. The asset mix of each Fund is established based on the expected volatility of the underlying securities and assets. The Accelerated Growth Fund is considered the most volatile and contains the highest percentage of equities relative to fixed income investments of all the Funds. The Short-term Bond Fund is considered the least volatile and contains the lowest percentage of equities relative to fixed income investments.

Effective November 1, 2007, members of PEPP may choose either one of the five asset allocation Funds or the PEPP Steps Fund. In addition, each member may also choose the Short-term Bond Fund.

The Plan uses a unitized method of plan participation whereby each member has a certain number of units of ownership in the net assets of the investment Funds. Investment income including changes in the market value of the investments and expenses is reflected in the market value of the net asset value per unit of participation. The total available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

The Plan introduced a Variable Pension Benefit option (VPB) in May 2006 whereby retired members could elect to withdraw all or some of their pension funds either through lump-sum withdrawals or scheduled monthly payments. Members who participate in the VPB may choose to invest in any of the Funds which are offered by the Plan.

b) Administration

The Act established the Public Employees Pension Board (Pension Board) to administer the Plan. The Pension Board is comprised of nine members: four are appointed on behalf of participating employers, four on behalf of employees. The Board conducts an external recruitment process to choose a Chair, who is appointed for a three-year term. The Public

Employees Benefits Agency is under contract with the Board to provide day-to-day administration.

c) **Retirement**

Members may retire as early as age 50.

Upon retirement an employee may purchase an annuity from the Saskatchewan Pension Annuity Fund or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 71, be transferred to a Locked-in Retirement Account or, after age 50, to a Locked-in Retirement Income Fund, Life Income Fund or a Life Annuity from the Saskatchewan Pension Annuity Fund, or be transferred to another pension plan which has a reciprocal agreement with the Plan. Beginning in May 2006, a member may also choose to receive a variable pension benefit from the Public Employees Pension Plan.

Members who purchase their annuities from the Saskatchewan Pension Annuity Fund have their accumulated balance in the Plan at the date of retirement transferred to the Saskatchewan Pension Annuity Fund. Members who elect to receive a variable pension benefit retain their account balances within the Public Employees Pension Plan. A variable pension benefit is a periodic payment made from a registered plan to a member of that plan and which must conform to certain minimum payment requirements but not to any maximum payment requirements.

d) **Completeness of Contributions**

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan. Accordingly, these financial statements presume the accuracy and completeness of the participants' contributions.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year-end bid prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year-end sales and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Short-term investments are recorded at cost, which approximates market value.

Real estate is recorded at market value as estimated by independent appraisals.

Mortgages are recorded at market value calculated by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflects the current market rate for comparable mortgages of a comparable term.

Pooled funds are recorded at market value based on the quoted market price of the underlying investments, normally the current bid price.

Derivative financial instruments are financial contracts, the value of which is derived from changes in underlying assets or indices as measured at the closing date of the period being reported. Derivatives transactions are conducted in the over-the-counter market directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where quoted market values are not readily available, appropriate valuation techniques are used to determine market value.

The change in market value of investments during the year is reflected on the financial statements as a current period change in the market value of investments.

Fair value approximates market value of investments.

Foreign Currency Translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end. Investments, revenue and expense items are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation at year-end are included in the current period change in market value of the investments.

Recent Accounting Pronouncements

Effective April 1, 2008, the Plan will be required to adopt the Canadian Institute of Chartered Accountants (CICA) handbook sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Plan is exposed, and how the risks are managed by the Plan. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. The Plan does not expect the adoption of these new standards to have a material impact on its financial statements.

3. Investments

The Plan is a defined contribution plan whereby members bear the investment risk and reap the rewards of actual investment performance as there is no guarantee of pension benefits. The Plan's asset allocation Funds are designed for members whose primary objective is capital growth. Of the five asset allocation Funds, the Accelerated Growth Fund has the highest volatility and contains the highest percentage of equities relative to fixed income investments. The Conservative Fund is considered the least volatile and contains the lowest percentage of equities relative to fixed income investments. The Growth Fund, the Balanced Fund, and the Moderate Fund are the other three asset allocation Funds listed in order of declining volatility. The PEPP Steps Fund is a lifecycle Fund made up of 12 steps of 5-year periods. The PEPP Steps Fund automatically moves members to more conservative asset mixes at five-year intervals. Members enter the PEPP Steps Fund at the step that matches their age. The Short-term Bond Fund is designed for members who wish to reduce their equity exposure as retirement approaches in order to preserve capital. These members have a low risk tolerance. As the primary objective of the Short-term Bond Fund is capital preservation, its orientation is towards fixed income investments with a term to maturity of five years or less.

The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as equities, pooled funds, real estate, money market securities, bonds, mortgages, and derivatives.

The Plan uses derivative financial instruments, when appropriate, to manage its asset mix and to assist in the management of exposure to financial risks, including interest rate, foreign exchange and market risks, without directly purchasing or selling the underlying assets or currencies. In certain circumstances, derivatives are also used to increase returns or to replicate investments synthetically.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets and interest income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets. Interest rate risk is managed by investing in fixed income investments with varying duration.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Liquidity Risk

The Plan is exposed to liquidity risk through its responsibility to pay pensions on a timely basis. The majority of Plan investments provide sufficient liquidity to support the Plan's required cash flows without impacting Plan asset mix.

c) Credit Risk

Credit risk arises from the potential for counterparties to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with counterparties that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard & Poors Bond Rating Service and/or Moody's Bond Rating Service. Fitch Ratings are used for foreign issuers.

d) Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the value of investments. The Plan manages its foreign currency risk by limiting the investment in foreign securities and also by the use of derivative financial instruments.

e) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Board's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Objectives.

f) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Short-term Investments

Short-term investments are comprised of treasury bills, notes and commercial paper with effective rates of 1.90% to 4.80% (2007 – 4.20% to 5.05%), and an average remaining term to maturity of 47 days (2007 - 45 days).

The Plan's investment policy states that investments must meet a minimum investment standard of "R1" or equivalent rating by a recognized credit rating service.

Other than the Government of Canada, no single issue represents more than 32.12% (2007 – 45.18%) of the market value of the short-term investment portfolio.

Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the market value of the total bond portfolio may be invested in BBB rated bonds. At March 31, 2008, the Plan held 0.53% (2007 - 0.32%) of its portfolio in BBB bonds.

Years to Maturity	(in thousands of dollars)						2008			2007		
	Federal	Provincial	Corporate	Municipal	Total Market Value	Weighted Yield to Maturity at Market	Coupon Rate	Total Market Value	Weighted Yield to Maturity at Market	Coupon Rate		
Under 5	178,481	35,758	90,929	-	305,168	4.40%	3.55-6.79	182,452	4.48%	3.75-7.00		
5 – 10	20,456	36,425	56,760	5,820	119,461	4.57%	3.60-7.50	158,259	4.34%	3.75-6.50		
Over 10	32,449	95,178	51,422	1,790	180,839	4.83%	4.45-11.0	163,191	4.59%	4.45-8.75		
Market Value	231,386	167,361	199,111	7,610	605,468			503,902				

Included in the above amounts of corporate bonds are foreign bonds with a market value of \$8,123,426 (2007 - \$7,953,497). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties. As at March 31, 2008, approximately \$7.5 million in mortgage backed securities is included in bonds. The Plan has determined that the mortgage backed securities are not impaired.

Equities

Equities include all directly held equity portfolios. It does not include equity pooled funds.

The Plan's investment policy allows no one holding to represent more than 10% of the book value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation. As at March 31, 2008, the market value of the Plan's foreign equity investments in Canadian dollars amounted to \$704 Million (2007 - \$754 Million) and included currencies from regions around the world including Croatia, Europe, Hong Kong, Japan, South Korea, Mexico, New Zealand, Norway, Switzerland, United Kingdom, and United States. Foreign equities represent 50.42% (2007 – 51.27%) of the market value of the directly held equity portfolio.

Dividends are generally declared on an annual basis. The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 2.38% (2007 – 2.83%).

The Plan has entered into foreign exchange forwards contracts to hedge some of its foreign currency exposure in equities. Foreign exchange forwards contracts are obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Contracts are traded over the counter. Counterparties to forward contracts must have credit ratings of 'A' or better.

The Non North American Equity mandate managed by Tweedy Browne Company LLC includes a currency hedging program to reduce the impact of foreign currency changes on the Plan. Forward contracts are used to hedge the foreign currency exposure within the mandate as indicated in the following table.

The following table summarizes the Plan's foreign exchange forwards contracts at March 31, 2008:

FOREIGN EXCHANGE FORWARD CONTRACTS

(in thousands of dollars)

# of Contracts	Currency	2008			2007		
		Market Value	Notional Value*	Gain (Loss)	Market Value	Notional Value*	Gain (Loss)
58	Canadian Dollar	151,671	151,671	-	146,638	146,638	-
28	European Euro	(40,088)	(36,516)	(3,572)	(49,467)	(48,345)	(1,122)
5	Hong Kong Dollar	(671)	(670)	(1)	(1,216)	(1,210)	(6)
0	Israeli Shekel	-	-	-	(2,512)	(2,300)	(212)
37	Japanese Yen	(29,283)	(26,454)	(2,829)	(20,150)	(20,613)	463
	Mexican Nevo Peso	(7,095)	(6,946)	(149)	(8,580)	(8,330)	(250)
20	New Zealand Dollar	(467)	(440)	(27)	-	-	-
6	Norwegian Kroner	(976)	(866)	(110)	(1,402)	(1,340)	(62)
36	Pound Sterling	(25,785)	(26,428)	643	(28,670)	(27,151)	(1,519)
24	South Korean Won	(20,155)	(21,537)	1,382	(17,035)	(16,606)	(429)
26	Swiss Franc	(16,910)	(14,710)	(2,200)	(15,300)	(14,939)	(361)
16	US Dollar	(16,999)	(17,104)	105	(5,970)	(5,804)	(166)
		(6,758)	-	(6,758)	(3,664)	-	(3,664)

* Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows, and is therefore not recorded in the financial statements. Settlement dates range from Apr 02/08 to May 02/09.

33.38% (2007 – 30.83%) of the market value of the Plan's investment portfolio was held in direct foreign equities and foreign pooled funds.

Pooled Funds

The Plan limits its investments in synthetic pooled funds to the Newcastle Enhanced Mid Cap Fund. This exposure can reach as much as 12% of the market value of the Accelerated Growth Fund or as little as 0% of the Conservative Fund. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The Plan's pooled funds are comprised of:

	Units Held (in thousands)		% of Total Units Outstanding		Market Value (in thousands)	
	2008	2007	2008	2007	2008	2007
Canadian Equity						
TD Emerald Canadian Market Capped Pooled Fund Trust	140,101	132,015	52.48	52.00	\$ 209,972	\$ 201,798
Newcastle Enhanced Mid Cap Fund	2,702	2,299	100.00	100.00	204,926	237,212
Hillsdale US Performance Equity Pooled Fund	124	-	28.61	-	10,579	-
Global Equity						
Greystone EAFE Growth Fund	16,374	15,070	17.47	19.78	180,036	197,585
Fixed Income Funds						
TD Emerald Canadian Bond Pooled Fund Trust	91,240	90,676	20.36	19.65	956,414	944,810
Other						
TD Emerald Pooled U.S. Fund	16,206	15,712	21.89	20.07	309,357	366,449
TD Emerald Canadian Short Term Investment Fund	2,139	-	1.01	-	22,562	-
					<u>\$ 1,893,846</u>	<u>\$ 1,947,854</u>

The Newcastle Enhanced Mid Cap Fund at March 31, 2008 consists of \$160.9 million invested in market neutral hedge funds. The hedge funds use a variety of investment strategies. The Fund also consists of a United States dollar S & P Total return swap agreement of \$203 million, which expires April 30, 2008. The Fund has liabilities of \$32.3 million due to counterparties resulting from swap agreements. The Fund also has United States foreign currency contracts with a market value of \$129.2 million, notional value of \$132.9 million, loss at March 31, 2008 of \$3.7 million, and a settlement date of April 17, 2008. The United States foreign currency contracts hedge the Fund's exposure to the United States dollar. The Fund holds Canadian money market securities of \$80 million that support these swaps.

Included in the Newcastle Enhanced Mid Cap Fund, the Plan has had illiquid asset-backed commercial paper (abcp) written down by about \$900,000 during the course of the year. As at March 31, 2008 the Plan had exposure to abcP in the amount of \$7,400,000.

The TD Emerald Canadian Market Capped Pooled Fund Trust may invest in equity index futures to replicate the return of the S&P/TSX Composite Index components.

The TD Emerald Pooled U.S. Fund may invest in equity index futures to replicate the return of the S&P 500 Composite Index components.

The Newcastle Enhanced Mid Cap Fund may invest in investments such as swaps, futures contracts, forwards contracts, options, money market securities and short-term debt instruments.

The TD Emerald Canadian Bond Pooled Fund Trust may not invest in any derivative investments.

The Hillsdale US Performance Equity Pooled Fund may utilize forward contracts, swaps, futures contracts, options and other investments to hedge against currency or to achieve its investment objectives.

The TD Emerald Canadian Short Term Investment Fund may invest in derivative investments provided the reasons for doing so are consistent with the investment objectives of the pooled fund.

The Greystone EAFE Growth Fund may invest in futures contracts, forward contracts, or other derivatives provided the reasons for doing so are consistent with the investment objectives of the pooled fund.

Mortgages

All mortgages are secured by Canadian commercial properties and have effective and stated interest rates of 5.50% (2007 – 5.50%) with an average remaining term of 0.42 years (2007 – 1.42 years). Principal and interest are receivable on a monthly basis.

Real Estate

Investments in real estate consist of Canadian commercial property.

Included in real estate are investments of \$6,182,583 (2007 - \$6,330,379) in SaskPen Properties Ltd. Income earned including change in market value from SaskPen Properties is \$2,286,629 (2007 - \$384,129). SaskPen Properties Ltd. is a real estate corporation beneficially owned by Crown managed pension plans in the Province of Saskatchewan.

The Plan holds \$16,826,452 (2007 - \$17,035,748) in the Greystone Real Estate pooled fund. This represents 3.37% (2007 – 5.29%) of the total outstanding units of this pooled fund.

4. Earnings Allocation to Members

Investment income including changes in market value of investments and expenses are reflected in the net asset value per unit. On November 1, 2007, the Plan introduced a new fund structure whereby members may choose either one of the five asset allocation Funds or the PEPP Steps Fund. In addition, each member may also choose the Short-term Bond Fund. The PEPP Steps Fund is comprised of twelve separate Funds, five of which are the asset allocation Funds. In all, there are thirteen separate Funds. The Balanced Fund (PEPP Step 5) and Short-term Bond Fund are the same Funds as were in existence last year. The following table shows the annual rate of return for the year for the Balanced Fund and Short-term Bond Fund, and shows the five-month year to date return for the remaining eleven Funds.

	2008 Return %	2007 Return %
PEPP Step 1 (Accelerated Growth Fund)	-6.6%	-
PEPP Step 2	-6.0%	-
PEPP Step 3 (Growth Fund)	-4.9%	-
PEPP Step 4	-4.5%	-
PEPP Step 5 (Balanced Fund)	-2.4%	11.6%
PEPP Step 6	-2.6%	-
PEPP Step 7	-1.6%	-
PEPP Step 8 (Moderate Fund)	-1.5%	-
PEPP Step 9	-0.9%	-
PEPP Step 10	0.1%	-
PEPP Step 11	0.7%	-
PEPP Step 12 (Conservative Fund)	1.2%	-
Short-term Bond Fund	5.8%	4.5%

5. Transfers, Refunds and Benefits

	(in thousands of dollars)	
	2008	2007
Termination refunds	\$ 3,270	\$ 2,138
Death and lump sum benefits	7,936	6,248
Variable pension benefits	20,527	8,584
Mortal transfers	3,402	2,291
Transfers to registered retirement savings plans and to private companies providing annuities	100,181	108,120
Transfers out	<u>5,242</u>	<u>1,551</u>
	<u>\$140,558</u>	<u>\$128,932</u>

6. Due from General Revenue Fund

The Plan's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the Government's thirty day borrowing rate and the Plan's average bank account balance. The Government's average 30 day borrowing rate in 2008 was 4.08% (2007 - 4.15%).

7. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees, which are paid directly.

	(in thousands of dollars)			
	2008		2007	
	Budget	Actual	Budget	Actual
Administration costs	\$ 5,490	\$ 5,323	\$ 5,192	\$ 4,409
Custodial fees	559	747	600	554
Investment management fees	9,810	10,339	7,580	9,573
	\$15,859	\$16,409	\$13,372	\$14,536

8. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since all are controlled by the Government. Also, the Plan is related to non-crown enterprises that the Government jointly owns or significantly influences. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan holds \$9,554,478 (2007 - \$4,390,134) Province of Saskatchewan Bonds and Debentures with a yield of 5.09% (2007 - 5.60%). Investment income including change in market value of \$646,476 (2007 - \$406,436) was recorded from the Province of Saskatchewan Bonds and Debentures.

The Plan has an accounts payable balance as at March 31, 2008 of \$737,954 (2007 - \$361,659) due to the Public Employees Benefits Agency Revolving Fund.

Other related party transactions are disclosed separately in these financial statements. Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled at agreed upon exchange rates.

9. Fair Value

For the following financial assets and liabilities the carrying amount approximates fair value due to their immediate or short-term maturity:

- a) contributions receivable
- b) accrued investment income
- c) due from General Revenue Fund
- d) administrative expenses payable
- e) refunds, transfers and other payables, and

The fair value of investments approximates the carrying value, the determination of which is disclosed in notes 2 and 3.

10. Value of Members' Accounts

In accordance with Canadian generally accepted accounting principles, various accruals are included in the Statement of Net Assets Available for Benefits. However, only transactions that were processed and unitized during the fiscal year ending March 31, 2008 are reflected in the unitized account balances of members at year-end. The total value of members' unitized accounts at March 31, 2008 was \$4,233 Million (2007 – \$4,268 Million).

Unit Pricing

Investment income including changes in the market value of the investments (investment performance) and expenses is reflected in the market value of the net asset value per unit of participation and is determined daily. Investment and administration expenses relating to each Fund are accrued to or paid from the Fund prior to establishing its daily unit price. The Funds' unit price will increase or decrease according to the Funds' investment performance after expenses.

Fund transactions are processed using forward pricing. This means they are processed at the next unit price set after the Plan receives contributions or requests for transfers, refunds and benefits.

Fund transactions may be suspended temporarily at Management's discretion where an accurate unit price for a Fund cannot be determined due to the unavailability of reliable market pricing or other asset valuations.

On November 1, 2007 eleven new Funds were introduced increasing the total Funds available to members to thirteen. These eleven new Funds all began with initial unit prices of \$100.0000. The Balanced Fund retained its existing unit price of \$121.6630 and the Short-term Bond Fund retained its existing unit price of \$106.0753. On March 31, 2008, the Funds were comprised as follows:

	2008			2007		
	Units	Net asset value per unit	Total Net Assets (000's)	Units	Net asset value per unit	Total Net Assets (000's)
PEPP Step 1 (Accelerated Growth Fund)	678,745	93.3608	\$ 63,368	-	-	\$ -
PEPP Step 2	7,657	93.9780	720	-	-	-
PEPP Step 3 (Growth Fund)	1,422,771	95.1061	135,314	-	-	-
PEPP Step 4	79,226	95.4972	7,566	-	-	-
PEPP Step 5 (Balanced Fund)	31,594,619	116.8708	3,692,488	35,180,582	119.7881	4,214,215
PEPP Step 6	141,069	97.3822	13,738	-	-	-
PEPP Step 7	247,204	98.4361	24,334	-	-	-
PEPP Step 8 (Moderate Fund)	1,151,013	98.5277	113,407	-	-	-
PEPP Step 9	171,072	99.0828	16,950	-	-	-
PEPP Step 10	144,245	100.1288	14,443	-	-	-
PEPP Step 11	12,743	100.6567	1,283	-	-	-
PEPP Step 12 (Conservative Fund)	412,052	101.1860	41,694	-	-	-
Short-term Bond Fund	973,416	110.6987	107,756	512,665	104.5868	53,618
Total Net Assets			<u>\$4,233,061</u>			<u>\$4,267,833</u>

11. Comparative Amounts

Certain comparative figures have been restated to conform with the current year's presentation.

PUBLIC EMPLOYEES PENSION PLAN
INVESTMENT OPTIONS:
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT MARCH 31, 2008

SCHEDULE 1

(in thousands of dollars)	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Step 1	<i>Page 1 of 3</i>
							Subtotal
ASSETS							
Investments							
Short-term	326	512	12,577	223	70	-	13,708
Bonds and debentures	7,614	15,500	446,976	10,481	4,901	1	485,473
Equities	33,474	52,952	1,252,896	21,701	5,306	6	1,366,335
Pooled Funds	15,668	49,213	1,682,845	52,977	29,834	2	1,830,539
Mortgages	11	22	632	15	7	-	687
Real Estate	5,603	12,155	250,369	3,704	-	1	271,832
	<u>62,696</u>	<u>130,354</u>	<u>3,646,295</u>	<u>89,101</u>	<u>40,118</u>	<u>10</u>	<u>3,968,574</u>
Receivables							
Contributions receivable - employee	35	73	2,060	49	23	-	2,240
Contributions receivable - employer	36	73	2,086	50	24	-	2,269
Accrued investment income	198	416	12,431	327	165	-	13,537
	<u>269</u>	<u>562</u>	<u>16,577</u>	<u>426</u>	<u>212</u>	<u>-</u>	<u>18,046</u>
Cash	652	696	34,881	(975)	1,520	10	36,784
Due from General Revenue Fund	<u>86</u>	<u>177</u>	<u>5,029</u>	<u>120</u>	<u>57</u>	<u>-</u>	<u>5,469</u>
Total assets	<u>63,703</u>	<u>131,789</u>	<u>3,702,782</u>	<u>88,672</u>	<u>41,907</u>	<u>20</u>	<u>4,028,873</u>
LIABILITIES							
Liabilities							
Administrative expenses payable	85	158	4,209	78	22	-	4,552
Refunds, transfers and other payables	115	209	4,615	84	88	-	5,111
Total liabilities	<u>200</u>	<u>367</u>	<u>8,824</u>	<u>162</u>	<u>110</u>	<u>-</u>	<u>9,663</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>63,503</u>	<u>131,422</u>	<u>3,693,958</u>	<u>88,510</u>	<u>41,797</u>	<u>20</u>	<u>4,019,210</u>

PUBLIC EMPLOYEES PENSION PLAN

INVESTMENT OPTIONS:

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2008

SCHEDULE 1

Page 2 of 3

(in thousands of dollars)	PEPP Step 2	PEPP Step 3	PEPP Step 4	PEPP Step 5	PEPP Step 6	PEPP Step 7	Subtotal
ASSETS							
Investments							
Short-term	3	15	28	29	39	63	177
Bonds and debentures	85	445	906	936	1,663	2,927	6,962
Equities	333	1,513	2,902	2,730	3,916	6,119	17,513
Pooled Funds	229	1,151	3,135	4,187	7,093	13,463	29,258
Mortgages	-	1	1	1	2	4	9
Real Estate	64	349	500	498	863	1,605	3,879
	714	3,474	7,472	8,381	13,576	24,181	57,798
Receivables							
Contributions receivable - employee	-	2	4	5	8	14	33
Contributions receivable - employer	-	2	4	5	8	14	33
Accrued investment income	2	11	25	28	47	86	199
	2	15	33	38	63	114	265
Cash	6	738	88	547	143	111	1,633
Due from General Revenue Fund	1	6	10	12	19	33	81
Total assets	723	4,233	7,603	8,978	13,801	24,439	59,777
LIABILITIES							
Liabilities							
Administrative expenses payable	1	4	9	10	14	23	61
Refunds, transfers and other payables	1	2	21	2	15	22	63
Total liabilities	2	6	30	12	29	45	124
NET ASSETS AVAILABLE FOR BENEFITS	721	4,227	7,573	8,966	13,772	24,394	59,653

PUBLIC EMPLOYEES PENSION PLAN
INVESTMENT OPTIONS:
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT MARCH 31, 2008

SCHEDULE 1

(in thousands of dollars)	PEPP Step 8	PEPP Step 9	PEPP Step 10	PEPP Step 11	PEPP Step 12	Short-term Bond Fund	Subtotal	Page 3 of 3 Total
ASSETS								
Investments								
Short-term	61	38	28	3	-	259	389	14,274
Bonds and debentures	2,882	2,055	1,753	159	-	106,184	113,033	605,468
Equities	5,970	3,544	2,537	226	-	-	12,277	1,396,125
Pooled Funds	13,262	10,473	9,428	886	-	-	34,049	1,893,846
Mortgages	4	3	2	-	-	-	9	705
Real Estate	1,026	679	574	-	-	-	2,279	277,990
	<u>23,205</u>	<u>16,792</u>	<u>14,322</u>	<u>1,274</u>	<u>-</u>	<u>106,443</u>	<u>162,036</u>	<u>4,188,408</u>
Receivables								
Contributions receivable - employee	14	9	8	1	-	59	91	2,364
Contributions receivable - employer	14	10	8	1	-	60	93	2,395
Accrued investment income	86	64	56	5	-	1,103	1,314	15,050
	<u>114</u>	<u>83</u>	<u>72</u>	<u>7</u>	<u>-</u>	<u>1,222</u>	<u>1,498</u>	<u>19,809</u>
Cash	1,847	124	93	6	-	499	2,569	40,986
Due from General Revenue Fund	<u>34</u>	<u>23</u>	<u>20</u>	<u>2</u>	<u>-</u>	<u>145</u>	<u>224</u>	<u>5,774</u>
Total assets	<u>25,200</u>	<u>17,022</u>	<u>14,507</u>	<u>1,289</u>	<u>-</u>	<u>108,309</u>	<u>166,327</u>	<u>4,254,977</u>
LIABILITIES								
Liabilities								
Administrative expenses payable	21	14	10	1	-	48	94	4,707
Refunds, transfers and other payables	1	16	18	2	-	583	620	5,794
Total liabilities	<u>22</u>	<u>30</u>	<u>28</u>	<u>3</u>	<u>-</u>	<u>631</u>	<u>714</u>	<u>10,501</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>25,178</u>	<u>16,992</u>	<u>14,479</u>	<u>1,286</u>	<u>-</u>	<u>107,678</u>	<u>165,613</u>	<u>4,244,476</u>

PUBLIC EMPLOYEES PENSION PLAN

SCHEDULE 2

INVESTMENT OPTIONS:

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008***

* Only the Balanced Fund and Short-term Bond Fund were active for the entire year

The other Funds were active for the five-month period November 1, 2007 - March 31, 2008

Page 1 of 3

(in thousands of dollars)	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Step 1	Subtotal
INCREASE IN ASSETS							
Investment income							
Interest	186	408	21,281	292	191	-	22,358
Pooled funds	1,486	3,300	110,292	2,371	804	-	118,253
Dividends	367	588	34,715	246	49	-	35,965
Real estate	158	327	12,254	105	-	-	12,844
Other	(1)	-	262	(1)	-	-	260
	2,196	4,623	178,804	3,013	1,044	-	189,680
Increase (decrease) in market value of investments							
	(6,242)	(10,938)	(251,785)	(4,161)	(535)	-	(273,661)
Contributions							
Employee	1,286	2,208	92,944	618	226	7	97,289
Employer	1,358	1,949	88,118	591	247	8	92,271
External transfers in	33	262	12,300	109	-	-	12,704
Interfund transfers net	66,219	133,846	(505,563)	89,148	41,205	5	(175,140)
	68,896	138,265	(312,201)	90,466	41,678	20	27,124
Total increase in assets	64,850	131,950	(385,182)	89,318	42,187	20	(56,857)
DECREASE IN ASSETS							
Transfers, refunds and benefits	1,229	313	128,790	699	363	-	131,394
Transfer to Saskatchewan Pension Annuity Fund							
	-	-	4,089	-	-	-	4,089
Administrative expenses	118	215	15,677	109	27	-	16,146
Total decrease in assets	1,347	528	148,556	808	390	-	151,629
Increase (decrease) in net assets	63,503	131,422	(533,738)	88,510	41,797	20	(208,486)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	-	-	4,227,696	-	-	-	4,227,696
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>63,503</u>	<u>131,422</u>	<u>3,693,958</u>	<u>88,510</u>	<u>41,797</u>	<u>20</u>	<u>4,019,210</u>

PUBLIC EMPLOYEES PENSION PLAN

SCHEDULE 2

INVESTMENT OPTIONS:

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008***

* Only the Balanced Fund and Short-term Bond Fund were active for the entire year

The other Funds were active for the five-month period November 1, 2007 - March 31, 2008

Page 2 of 3

(in thousands of dollars)	PEPP Step 2	PEPP Step 3	PEPP Step 4	PEPP Step 5	PEPP Step 6	PEPP Step 7	Subtotal
INCREASE IN ASSETS							
Investment income							
Interest	3	6	26	17	44	74	170
Pooled funds	15	94	189	219	338	611	1,466
Dividends	3	17	32	30	43	70	195
Real estate	2	9	14	13	24	45	107
Other	-	-	-	-	-	-	-
	23	126	261	279	449	800	1,938
Increase (decrease) in market value of investments	(61)	(292)	(580)	(1,175)	(779)	(1,169)	(4,056)
Contributions							
Employee	115	287	281	301	226	260	1,470
Employer	123	324	272	331	237	272	1,559
External transfers in	-	3	43	-	-	38	84
Interfund transfers net	523	3,785	7,352	9,244	13,659	24,227	58,790
	761	4,399	7,948	9,876	14,122	24,797	61,903
Total increase in assets	723	4,233	7,629	8,980	13,792	24,428	59,785
DECREASE IN ASSETS							
Transfers, refunds and benefits	1	-	44	-	1	-	46
Transfer to Saskatchewan Pension Annuity Fund	-	-	-	-	-	-	-
Administrative expenses	1	6	12	14	19	34	86
Total decrease in assets	2	6	56	14	20	34	132
Increase (decrease) in net assets	721	4,227	7,573	8,966	13,772	24,394	59,653
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR							
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR							
	<u>721</u>	<u>4,227</u>	<u>7,573</u>	<u>8,966</u>	<u>13,772</u>	<u>24,394</u>	<u>59,653</u>

PUBLIC EMPLOYEES PENSION PLAN

SCHEDULE 2

INVESTMENT OPTIONS:

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008***

* Only the Balanced Fund and Short-term Bond Fund were active for the entire year

The other Funds were active for the five-month period November 1, 2007 - March 31, 2008

Page 3 of 3

(in thousands of dollars)	PEPP Step 8	PEPP Step 9	PEPP Step 10	PEPP Step 11	PEPP Step 12	Short-term Bond Fund	Subtotal	Total
INCREASE IN ASSETS								
Investment income:								
Interest	54	58	63	5	-	3,119	3,299	25,827
Pooled funds	651	432	331	23	-	-	1,437	121,156
Dividends	68	40	28	2	-	-	138	36,298
Real estate	29	20	16	-	-	-	65	13,016
Other	-	-	-	-	-	25	25	285
	802	550	438	30	-	3,144	4,964	196,582
Increase (decrease) in market value of investments	(1,354)	(698)	(404)	(19)	-	1,236	(1,239)	(278,956)
Contributions								
Employee	215	159	92	7	-	1,419	1,892	100,651
Employer	209	87	66	4	-	1,043	1,409	95,239
External transfers in	44	97	-	2	-	342	485	13,273
Interfund transfers net	25,302	16,823	14,350	1,265	-	58,610	116,350	-
	25,770	17,166	14,508	1,278	-	61,414	120,136	209,163
Total increase in assets	25,218	17,018	14,542	1,289	-	65,794	123,861	126,789
DECREASE IN ASSETS								
Transfers, refunds and benefits	8	6	49	2	-	9,053	9,118	140,558
Transfer to Saskatchewan Pension Annuity Fund	-	-	-	-	-	1,879	1,879	5,968
Administrative expenses	32	20	14	1	-	110	177	16,409
Total decrease in assets	40	26	63	3	-	11,042	11,174	162,935
Increase (decrease) in net assets	25,178	16,992	14,479	1,286	-	54,752	112,687	(36,146)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR								
	-	-	-	-	-	52,926	52,926	4,280,622
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR								
	<u>25,178</u>	<u>16,992</u>	<u>14,479</u>	<u>1,286</u>	<u>-</u>	<u>107,678</u>	<u>165,613</u>	<u>4,244,476</u>



